

**Fiscal Year 2007 Budget Statement of Commissioner Lisa P. Jackson, New Jersey
Department of Environmental Protection before Assembly Budget Committee**

April 25, 2006

Good morning Mr. Chairman and members of the Committee. I want to thank you for the opportunity to come before you today to discuss Governor Corzine's proposed Fiscal Year 2007 budget for the Department of Environmental Protection.

The Fiscal Year 2007 funding level for Department of Environmental Protection (DEP) has been set at \$439.7 million. Our operating budget of \$ 238.2 million (including \$2.4 million for the Palisades Park Commission) has been increased by \$11.3 million. However, when it is recognized that the increases include \$12.0 million for the Passaic River litigation and \$5 million in increases driven by the Corporate Business Tax (CBT) dedication, our net operating budget has actually dropped \$5.7 million, nearly a 2.5 percent drop, as compared to Fiscal Year 2006 adjusted levels.

Our Grants in Aid budget reflects the largest amount of increases. Included within this budget category the State's new initiatives for Diesel Risk Mitigation, Watershed Restoration, and Drought Mitigation are funded, representing a \$32.4 million increase over adjusted Fiscal Year 2006 levels.

Our State Aid funding reflects a modest net increase of \$1.3 million, including \$1.0 million in additional support to the Highlands Council and a \$500,000 increase in our payments in lieu of taxes to local governments.

Lastly, our Capital budget has been increased by \$63.5 million, reflecting the Governor's commitment to our parks, forests and wildlife management areas (\$40 million), and \$22 million in dedicated CBT resources funding underground storage tank remediation, brownfields, and site cleanup activities.

As with the rest of State government and outside the limits of specific new funding initiatives, the DEP must meet the challenge put forward by Governor Corzine to do more with less. The Fiscal Year 2007 budget proposed by the Governor, while austere, provides the fiscal framework within which the DEP can effectively operate to perform its duties as mandated by the Legislature. This budget also helps the State to move ahead in addressing some vital capital needs that have long been ignored, in some cases for decades.

The DEP is implementing a \$2.5 million reduction through attrition savings across the Department to meet its budget obligations. We will achieve this reduction by eliminating 50 full-time employees (FTEs) within the agency. We have already eliminated 10 unclassified positions and will achieve the remainder through attrition and retirements. This reduction is on top of a \$3.5 million cut in the fiscal year 2006 appropriation levels with a FTE reduction of 49 that was also achieved through careful management of an attrition program begun in July 2005.

We will offset the impacts of a reduction in force through reassignments within the agency to ensure that our highest priority needs are met. For example, we are in the process of eliminating the Facility-wide Permitting Program and reassigning those staff, primarily to the

Diesel Risk Mitigation Program, which is to be funded out of the new dedication of CBT monies. In addition, the DEP has announced a Lateral Mobility Reassignment Initiative that will allow employees to move from one program to a newly funded area, further reducing the costs within existing areas.

We have also initiated a number of efficiencies and steps to eliminate waste in Fiscal Year 2006 that will extend into the next budget year. For example, the DEP recently began turning in 74 under-utilized vehicles. Also, as it has in the past four years we are critically controlling overtime, state travel and the use of temporary contract employees. I shall provide greater detail in a later section of this statement and my response to your recent letter.

Maintaining a High Level of Service

Even in the face of belt-tightening, it is the Governor's and my commitment that we make the DEP responsive to the various constituencies that we serve: local governments, businesses and residents throughout the State. DEP has responded to the challenge of tight budgets and increasing mandates by fundamentally improving our operations and increasing our efficiency and effectiveness. These initiatives are helping us to better accomplish our mission and to maintain the high level of service and responsiveness the people of the State demand and deserve. We must be more effective than ever in not only meeting our mission of protecting public health and the environment but also doing so efficiently. At the same time, we must never lose sight of the fact that the DEP plays an integral role in promoting smart growth and economic development throughout the State.

I want to emphasize that, in putting forward these efforts, we are also fully cognizant of the costs incurred by various parties – local governments, the business community, our citizens – as they endeavor to comply with State and federal environmental laws. While ensuring adherence to strict standards for environmental protection, DEP's initiatives are also streamlining and clarifying the process for compliance.

Backlogs in the permit applications that are awaiting DEP review have been substantially reduced. In the case of water allocation permits, these backlogs have been effectively eliminated. In other programs such as the water pollution and air pollution control programs, the numbers have been substantially reduced from where they were just a few years ago, even though the number of permittees may have climbed during this same period.

It is my intention to continue this progress throughout the Department. Speeding up the answers we give to the regulated community, even if it may not be the answer they want to hear, helps to reduce costs they incur.

The DEP is in the process of taking numerous steps to consolidate, coordinate and automate our operations. We are reviewing and restructuring our programs to maximize efficiencies. For example, traditional perceptions of the DEP are that we are slow and inconsistent in making a decision and that the right hand does not know what the left hand is doing. Whether the perception is accurate or not, this cannot be allowed to stand. All of our constituents demand timeliness, predictability and transparency.

Due to organizational and automation improvements, we have greatly improved our review process without sacrificing our high level of environmental review. It is now possible for DEP managers to conveniently access information on their computers from all over the DEP regarding a particular site. There is also much more cross-program integration and

communication than ever before. As a result, better-informed and quicker decisions are being made.

As we are all aware, there is still much room for improvement. I am committed to making even more of these improvements to our decision-making processes. The end result will be in savings, both for the DEP and the parties affected by our regulations. As illustration, let me focus for a few minutes on where the department is heading in terms of its information processing.

Data Processing Facilitation

DEP gathers a multitude of data in many different ways. From regulated entities, we get data on paper, disk, e-mail, fax and through online applications built to provide for electronic submittal. We have developed an online portal www.njdeponline.com that allows a great deal of the data we require to be submitted electronically. This saves time and money not only for the State but for the regulated community as well.

We are also developing an ePermitting solution that will allow an applicant to submit their application and payment electronically. The DEP can then more easily evaluate the submittal to determine if the requirements have been met and process the application. Electronic permitting and reporting have already reduced the amount of paper coming into the DEP and contributing to permit backlogs. DEP now receives electronically 100 percent of Air Emission Statements and 85-90 percent of all air permit applications.

We are steadily moving to a world where all applications will be processed entirely online. The applicant will receive emails notifying them of receipt, application completeness and processing status. The system will be linked to the department's [i-Map tool](#) allowing for identification of the proposed project and evaluation with over 40 GIS data layers. This will provide the applicant and the DEP with a way to determine if environmentally-sensitive areas would potentially be impacted.

This solution not only provides regulated entities with a way to submit easier, faster and more reliable permit applications, it provides the applicant and DEP with more information up front in the permit process and identifies areas of concern that may impact the project. For the public and environmental constituents, it will provide immediate and 24/7 access to proposed projects, allowing them to participate in the review process immediately by providing notification of proposed projects, based on geographic location or permit type. For DEP, it helps to reduce data entry and administrative costs as well as some of the technical completeness reviews we currently perform.

Whether DEP captures data online, through hard copy, disk or email, the data related to its regulated entities and their activities are captured in the New Jersey Environmental Management System (NJEMS). NJEMS is our department-wide enterprise database system that integrates all data related to its regulated activities for the purposes of sharing and reporting data, improving workflow and business practices, and making better environmental decisions. NJEMS serves as the day-to-day business tool for over 3000 staff. NJEMS tracks each permit requirement, facility submittal and inspection requirement to provide for automated compliance determination where possible.

NJEMS has been so successful that seven states (MS, KY, LA, TN, NM, MD, UT) have purchased the rights to use an NJEMS clone in their states. This is actually a case where an information technology innovation is an investment that has had not only a positive result relating to our operations and efficiencies, but it has had a positive fiscal result for the State. DEP has received over \$1.2 million in royalties from the sale of NJEMS.

Addressing Decades of Neglected Capital Improvements

As I indicated above, Governor Corzine's budget provides the DEP with a much-needed increase in its capital budget. The funding will be for capital improvements in several critical, but historically ignored, areas: (1) parks development and maintenance; (2) water supply, particularly drought mitigation, infrastructure; and (3) watershed restoration. In each of these areas, the State's typical response over the years has been to defer these improvements to a future date. In Fiscal Year 2007, that date is finally coming. Please note that none of these funds will come from the General Fund.

1. Parks Capital Improvements

It is widely conceded that parks and natural areas are vital components of a high quality of life for all New Jerseyans. They contribute so much, not just in terms of our environment, but in terms of our physical and mental health. They are also directly related to such things as the State's economy and the property values of our communities. However, the way the state has treated these treasures over the past two decades has been abysmal. The maintenance, upkeep and improvements required at our state parks, forests, wildlife management areas and historic sites have been ignored for such a long time that our statewide estimated need is over \$220 million and growing. As a result, the state park system, which was once considered one of the best in the country, has fallen into significant disrepair. A viable park and forest system is an essential component for a high quality of life for New Jerseyans.

Recognizing the need for repairs and maintenance, Governor Corzine has proposed that an appropriation of \$40 million from cigarette revenues for Fiscal Year 2007 to be the initial down-payment for capital improvements in our state parks, forests, wildlife management areas, and historic sites. Using this money, the DEP will embark immediately on addressing the highest priority needs. We will undertake critical health and safety improvements including demolition of unsafe structures, asbestos removal, and lead abatement. Additional major projects will include restorations to State-owned historic sites, such as Batsto and Atsion Mansions, Rockingham, Waterloo Village, the historic train sheds at Liberty State Park, and DEP's most recent acquisition – the office and homestead of James Still in the Pinelands.

2. Water Supply Infrastructure

A second major area in which an infusion of funds is proposed relates to improvements required for drought mitigation and prevention and water quality protection. The long-term economic and environmental viability of the State requires that we make a commitment to the preservation and improvement of the State's water resources. Supported by a stable source of revenue, we must be able to develop and maintain our water supply infrastructure in order to efficiently transfer water between public water systems to avert a drought emergency in all or any part of the State. We must also be able to protect water supplies through the acquisition of watershed and wetlands areas.

Over the past thirteen years, New Jersey has experienced five droughts/water emergencies. As we enter into these drought conditions, there is a typical refrain that is sounded: We need to improve our infrastructure so that we can more easily transfer water from where it is to where it is needed. In fact, our data shows that, if the appropriate interconnections had been in place and properly functioning prior to the drought several years ago, the State would not have had to impose any water use restrictions whatsoever. However, the refrain that we need to take action usually ceases as soon as the first rains come. During the times when waters are plentiful, that is when we should be taking steps to avert the next emergency. That is exactly what Governor Corzine is proposing in this budget through the imposition of a surcharge on water delivered throughout the State.

To illustrate the need for this investment, New Jersey experienced its driest March on record since 1895. This is the first month with less than an inch of precipitation since February 2002, and only the 10th month since 1970 when the monthly total failed to eclipse an inch. February was also drier than normal by about one inch. As a result of this dry weather, ground water levels in unconfined aquifers and stream flows throughout the State have dropped markedly during the past two months. Storage levels in the State's principal water supply reservoirs are just below average, but they too are dropping at a time when, based on long-term averages, they should be filling through the end of May.

The water surcharge legislation that the Governor is proposing would only amount to just over \$3.00 per household. This modest collection will generate between \$12 and \$15 million per year. Using authorities currently available to the State through the Environmental Infrastructure Trust, which incidentally is the only State entity to maintain a triple A rating on its bonds, this money would leverage up to ten times that amount to perform needed capital improvements to our interconnection infrastructure. In total, the net amount that we would have to spend would be in the range of \$135 million.

The Department has identified a number of infrastructure projects that this initiative will support. Projects such as the Raritan Confluence Interconnection have been on the drawing board for years but there has been neither the will nor the available funding to bring them to fruition. The initiative put forward by Governor Corzine will make these plans a reality. This is an investment in the future of our State.

The Governor's proposal would also allow this money to be used to purchase property or easements to protect sources of water for drinking purposes. We anticipate that approximately 25 percent of the amount will go for acquisition and will be used to complement current and future open space acquisitions necessary to protect water sources.

It should be noted that, because of an accelerated acquisition policy, we are quickly running out of the Green Acres/Garden State Preservation Trust funding approved by the voters back in 1999. In short, we anticipate that we will be able to hold only one more full round of funding. However, we anticipate that the requests for loan and grant funding continues to rise as local governments come to realize the value of open space, both in economic terms and in terms of the quality of life for the residents of the community. After our next round we will have to be selective in the projects we fund and, unless additional funding is located, we will be forced to respond negatively to many numerous worthy open space acquisition and development requests that come in to us from local governments and nonprofit organizations.

The DEP looks forward to working with the Governor's Office, the Legislature and the public to explore future funding options to keep this vital and popular program moving forward.

3. Watershed Restoration – Wreck Pond

In the 2004 Water Quality Monitoring and Assessment Report, 76 percent of assessed non-tidal waters did not meet surface water quality standards. For this reason, \$5 million from dedicated Corporate Business Tax (CBT) revenues have been allocated for watershed restoration projects. Primarily, these projects will address nonpoint source pollution, which the Department estimates is the cause of between 40 and 70 percent of surface water pollution. Nonpoint sources of pollution generally do not respond to a regulatory structure because they are diffuse and omnipresent. Therefore, addressing these problems is difficult and require a comprehensive holistic solution. Wreck Pond in Monmouth County has been one such persistent problem area for the State.

Because of pathogens, phosphorus and excessive sediment, Wreck Pond's discharge is responsible for 75% of New Jersey's annual ocean beach closings. The Department will partner with Monmouth County, Spring Lake, Sea Girt, Spring Lake Heights and Wall Township to prepare and implement a Regional Stormwater Management Plan. This plan, which is under development, has identified \$13 million in early action restoration and best management practice implementation projects. The DEP will use \$1 million in CBT Watershed Funds as the match to fund stormwater retrofits around the pond in 2006. Currently, the project is ineligible for federal 319 grant funds without the completion of the stormwater management plan.

Maximizing the Use of Available Funds

Realizing that the DEP cannot rely on General Fund support to any great extent, the department has looked to identify and capitalize on the use of other eligible sources of funding. In addition, a number of initiatives are being put in place to eliminate waste and to ensure that the funds we do have at our disposal, both General Fund and other sources, are used in the most effective and efficient manner possible.

1. Reduction of General Fund Support

One way that the DEP is responding to the General Fund budget situation is to steadily move our operations away from General Fund support, of course with the Legislature's approval. After factoring out a one-time \$12 million special appropriation for Passaic River Litigation, for the fifth consecutive year the DEP's operating budget calls for a reduction in the percentage that will be borne by the General Fund. Over this time, the Legislature has approved a systematic increase in the reliance on fees and user charges that shift the burden to those specific parties that either are responsible for the problems we are working to correct or benefit from the services we provide. Specifically, the budget is based on fee increases of \$6.5 million from minor air fees, \$ 4 million from land use fees and \$1.7 million from new revenues charged to hazardous waste transporters. Accordingly, a significant portion of our overall budget relies on dedicated state and federal funds.

As a result, the percentage of the DEP's FY 2007 operating budget covered by the taxpayers will be only 24.8 percent, significantly down from 41.3 percent in FY 2002. As we increase the amount of revenues we bring in to reduce our reliance on the General Fund and cut waste wherever we find it, the taxpayer wins. We will be continuing these efforts into the next fiscal year.

To be sure, there are areas in the budget that receive substantial support from the General Fund in the FY 2007 budget. They include: parks operations, forestry management, dam safety, shellfish regulation, and our science and research efforts. These are all broad-based, public functions for which it only makes sense for the State to support. Furthermore, there is not a base on which fees for services can reasonably be applied. Also, some of the funds we receive in these programs are used to leverage and match federal funds.

Substantial cuts to areas of the DEP that are supported by fees would not make programmatic or fiscal sense. First, the State would realize decreased revenues as the fees drop. Also, the delivery services that are provided by the DEP, services that the regulated community expects especially since they are paying directly for it, will be adversely impacted.

2. Identifying and Accessing Other Sources of Funds

a. Natural Resource Damage Claims

DEP has established New Jersey as the only state that systematically pursues claims for public compensation for injuries to natural resources. As you know, common and statutory law provides that the State holds all natural resources in trust for the public. Without pursuing these claims, the State is faced with the choice of either living with degraded natural resources that the public can neither enjoy nor utilize, or having to invest taxpayer funds to restore them. DEP believes there are approximately 2020 sites subject to the Statute of Limitations because the remedial investigation for the sites was complete on or before January 1, 2002. We estimate that the cumulative valuation of the natural resource injury at those sites alone to be over \$100 million dollars.

Since 1993, over \$50 million in cash, restoration projects and land preservation has been recovered from “voluntary” settlers under the natural resource damage (NRD) program. The vast majority of this has come from settlements achieved since January 2002. Those settlements, under which nearly 200 parties have settled, translate into the public being compensated for natural resource injuries at 1,700 sites throughout the State. In just the last four years, over 5,300 acres of wildlife habitat and aquifer recharge have been preserved. NRD recoveries, where the contamination has affected recreational interests, are also contributing directly to the improvements and expansion of state and local parks.

NRD recoveries have augmented preservation of open space. Where there are injuries to ground water, we have encouraged responsible parties to resolve their liability by permanently protecting watershed lands and ground water recharge areas as in-kind restitution for the public’s loss. In addition, recognizing that watershed lands are a critical water supply resource, we have worked with the New Jersey Water Supply Authority and the North Jersey Water Supply District Commission to expand their investments in preservation of watershed lands. On this same basis, we have worked with the Environmental Infrastructure Trust (EIT) to expand their low-interest loan program to include preservation of watershed lands.

b. Water Pollution Control Grants

As a result of reappraising the reserve requirements with EPA, we were able to identify \$30 million from the 1985 Wastewater Treatment Bond Act that could be used for water pollution control projects. At the end of the last session, the Legislature enacted legislation to appropriate \$30 million for water pollution control projects. Most of these projects are related to efforts required to keep pollutants out of our coastal waters. This appropriation provides

grant funding to local governments without any new demands on the General Fund. We are now in the process of entering into contracts to distribute these grants and initiate these much-needed projects.

c. Water Supply Infrastructure Grants

The 2002 water supply emergency, resulting from the earliest and most severe drought recorded in New Jersey, identified a longstanding failure by the State to make appropriate investments in New Jersey's water supply infrastructure. Previously, DEP worked closely with the legislature to appropriate \$34 million in unused Water Supply Bond Act funds for the support of 23 water reuse and recharge demonstration projects in 11 counties throughout South Jersey.

In addition, because the New Jersey Water Supply Authority was successful in its efforts to repay outstanding 1987 and 1988 loans due the Department, \$53 million in Water Supply Bond Act monies were freed up to provide funding for overdue water supply projects primarily in North Jersey. At the end of last session, the Legislature appropriated these monies to initiate work on needed water supply projects that have been identified for more than 40 years but never built. DEP hopes to fund improvements to the Virginia Street Pumping Station and the startup of design and engineering work on the Raritan Confluence Interconnection using these funds. As I will discuss later, a number of these projects will be furthered through monies to be generated by a surcharge proposed for water delivered to customers throughout the State.

d. Brownfields Funding

New Jersey is the only state with dedicated funding for brownfields cleanups and has expanded cleanup reimbursement eligibility to include a broader range of site reuses. Last session, the Legislature approved legislation that expands this program still further. This new and expanded funding comes from constitutionally dedicated accounts that had been accruing surpluses for years. This program expansion, therefore, requires no new appropriation from the General Fund. We also have significantly expanded the use of the EIT to provide low-interest loans to brownfields redevelopment and cleanup projects.

3. Eliminating Waste and Improving Efficiency

The DEP has taken action in a number of areas to eliminate waste and to safeguard the public's dollars. Between 2002 and 2005, the amount we spent on overtime fell by over 36 percent dropping from \$2.48 million to \$1.58 million. While looking for additional opportunities for savings in this area, it should be remembered that there are certain essential programs such as emergency response where denial of overtime could be detrimental to public health and welfare.

We have also drastically reduced the amount of temporary services we employ. There was a time when it seemed that nearly every DEP bureau used at least one "temp" to perform a variety of functions. In many cases, at the time when these temps were taken on, their use was warranted to meet a temporary demand. However, many were kept on beyond their usefulness such that in 2001, the DEP spent close to \$900,000 in this manner. I am happy to say that we have reduced that amount by over 38 percent with costs last year totaling \$554,000. Instead of using temps as a way to get around Department of Personnel hiring regulations, we now

employ temps only for justifiable seasonal or other short-term periods where the public would suffer if they were not employed.

We have also made concerted efforts to better manage our fleet of vehicles. At one point in the not-too-distant past, every Assistant Commissioner and many Directors had vehicles personally assigned to them, regardless of how justified the assignments may have been. Over the past three and a half years we have reviewed the assignment of vehicles and 53 percent of our fleet of 1,525 vehicles are now pool or field assignments. They are only assigned individually based on function, need or to ensure the security of the vehicle. It should also be noted that the majority (84%) of our vehicles are in the DEP's Natural Resources, Site Remediation and Compliance & Enforcement areas. They are primarily vans, trucks and SUVs that are used to haul equipment, travel off-road for inspections, cleanup activities, parks and forest maintenance, field sampling, etc. I have ordered even further review of the assignment of these vehicles and am asking for a comprehensive review of commutation mileage.

Similarly, we have taken steps to drastically reduce the amount of business and conference travel. In FY 2001, the total amount paid by the DEP for travel-related expenses was \$896,091. We have steadily cut this so that in FY 2005 the amount has been reduced to \$305,727, a reduction of 64 percent.

Lease Management Issues

Over the past few years, there has been a fair amount of publicity – mostly negative – regarding the manner in which the DEP managed its leases. While a more detailed description of the actions the DEP has taken in this regard is provided in our OLS Discussion Points response, I think that this issue is important enough to provide you with a brief overview of the measures we have put in place.

The office was mismanaged for years and that mismanagement is the subject of an Attorney General investigation. The manager of that office has been removed. We have restructured management and oversight of this program. We have aggressively acted to rectify the situation since it came to our attention, both through an external audit and through an internal investigation that we ourselves initiated.

The Divisions of Parks and Forestry and Fish and Wildlife have completely reviewed and inventoried all leases. A database has been established to identify expired leases, and track lease expirations and rental payments. Combined, the divisions administer 286 leases. Additionally, the Division of Parks and Forestry administers 22 concession agreements, which are mostly seasonal between Memorial and Labor Day.

The Department discontinued its prior practice of allowing area superintendents to issue Special Use Permits in lieu of lease agreements. These "Special Use Permits," which were intended as short-term in nature, have been converted to appropriate lease agreements in response to the 2003 audit recommendation.

Other actions taken include:

- The Department updated its departmental policy concerning the signatory process for the execution of leases and concessions in 2005.

- The Department intends to centralize rent collection and remove the responsibility of rent collection from the area superintendent and Fish and Wildlife staff.
- A procedure for rental abatement is nearly finalized and anticipated to be complete within the next few months.
- The majority of Fish and Wildlife leases are now in compliance with their insurance requirements. There are five lease agreements remaining that do not have up-to-date insurance documents.
- The DEP is performing an inventory of our lease and concession agreements to ensure that leases are current and thus appropriately valued and rent collection is monitored for timeliness.

There may be potential opportunities for the collection of back rent for some of the above-referenced residential leases. We have been working to update and finalize the leases at Six Mile Run Reservoir site. We are working to resolve the appropriateness of rental abatements and the existence of back rent. In coordination with the Attorney General's Office, we are meeting with these tenants and performing on-site property inspections. This process is ongoing and is expected to conclude within the next several months if legal intervention is not required.

There are opportunities for increased revenue to the Division of Fish and Wildlife's Hunters' and Angler's Fund as they renegotiate lease terms with tenants in holdover status and convert agricultural Special Use Permits to agricultural leases. There is a limited opportunity for revenue enhancement through the re-evaluation of residential leases administered by Parks and Forestry (Fish and Wildlife does not administer residential leases). In all these cases, we want to ensure that we are charging fair market value.

Of the 308 leases and/or easements we administer, 79 are with municipal or non-profit entities that provide public programs or recreational activities at their sole expense. We lease these non-residential properties to these entities for \$1. We justify this amount by acknowledging the value of the public programs offered at the site by the non-profit or municipality, the cost of insurance provided, and the restoration costs attributed in maintaining the property. This practice has proved beneficial in achieving the Department's goals of preserving historic properties and providing interpretive and recreational programs to augment our funding limitations. It also helps provide public access to sites that the Department is unable to staff because of funding limitations. We are thoroughly reviewing each individual lease to ensure its in-kind service to the State is sufficient and appropriate to justify the \$1 rent.

While the review process of the Department's lease program continues, it is premature to estimate what additional revenue could be generated in the current and next fiscal year. Based on the information gathered, we do not foresee the collection of back rent and the re-negotiation of existing leases generating "millions" of additional dollars of revenue for the State. However, the update of residential leases through fair market value appraisals, the re-execution of expired leases, the collection of back rent, and the conversion of Fish and Wildlife's agricultural permits to leases are improvements in the Departments lease program anticipated to generate additional income.

It also should be highlighted that perhaps the DEP is not the ideal agency to be a landlord. We are investigating ways to work closer with Treasury or perhaps utilize a property management company.

Thank you again for the opportunity to appear before you. I am happy to answer any questions you may have.